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20 **UNITED STATES DISTRICT COURT**
21 **FOR THE SOUTHERN DISTRICT OF CALIFORNIA**

22 PRESIDIO COMPONENTS, INC.)	Case No. 3:08-CV-00335-IEG-NLS
)	
23 Plaintiff,)	PLAINTIFF PRESIDIO
)	COMPONENTS, INC.'S
24 v.)	MEMORANDUM OF POINTS
)	AND AUTHORITIES IN SUPPORT
25 AMERICAN TECHNICAL)	OF ITS MOTION FOR
26 CERAMICS CORP.,)	POST TRIAL REMEDIES
)	
27 Defendant.)	Hearing Date: February 26, 2010
)	Hearing Time: 9:00 am
)	Courtroom 1
)	

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I. INTRODUCTION

Plaintiff Presidio Components, Inc. (“Presidio”) is a small and family-owned San Diego company with approximately 175 employees. In this patent case, Presidio litigated against Defendant American Technical Ceramics Corp. (“ATC”), a wholly - owned subsidiary of AVX Corp. (“AVX”). ATC by itself has multiple facilities located across the country and throughout the world, with annual revenues of \$90 million, while AVX’s annual revenue far exceeds \$1 billion. Through the relationship between ATC and AVX, ATC is able to outsource product finishing and assembly outside the United States.

As Presidio’s Lambert Devoe testified, Presidio spent more money pursuing this case than the more than \$1 million award from the jury. In no uncertain terms, this is a material amount to Presidio, but an insignificant amount to a behemoth like ATC. As found by the jury, Presidio’s lost profits in this action were just over \$1 million. Again, that is a significant amount of money for Presidio, but borderline insignificant to ATC. Yet, despite the paucity of ATC’s financial exposure, ATC put all its legal and financial resources to bear against its much smaller competitor - even though ATC had knowingly and willfully infringed Presidio’s ‘356 patent.

Adding insult to injury, ATC mounted every conceivable defense no matter how ill-conceived. Further, ATC contended during trial that it had other products its customers could purchase, tacitly admitting it could have easily avoided its

1 infringement altogether by discontinuing its infringing conduct. Instead of doing
2 that, however, ATC continued its willful infringement against Presidio. It is as if
3 ATC were trying to send a message to Presidio – if you dare seek redress against
4 ATC, even if ATC acts willfully, you will have to pay dearly for it.

5
6 The legal damages available to Presidio in this case do not truly compensate it
7 for all the harm it has suffered at the hands of ATC.¹ As Presidio demonstrated at
8 trial, there are advantages to being the “incumbent” with Presidio’s and ATC’s
9 customers and potential customers. Armed with Presidio’s innovative technology
10 through copying and infringement, ATC has also gained an advantage of usurping
11 Presidio’s reputation of being the sole supplier of solutions to unique customer
12 problems. ATC’s willful conduct has reaped the benefits of being the incumbent,
13 and the full extent of harm ATC caused Presidio in the marketplace cannot be
14 calculated with precision.

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18 In this regard, the jury’s finding of willful infringement is very significant.

19
20 The Court should respect the jury’s finding and award Presidio supplemental
21 damages, treble damages, and its attorneys’ fees, together with prejudgment and
22 postjudgment interest and costs.

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27 ¹For this reason, Presidio is concurrently moving this Court for entry of a permanent injunction
against ATC.

II. THE COURT SHOULD AWARD SUPPLEMENTAL DAMAGES FOR ATC'S CONTINUED INFRINGEMENT

Despite the jury's finding that the '356 patent is valid and willfully infringed, ATC continues to offer for sale the 545L capacitor. (*See* Exhibit A). ATC's cavalier view of the jury's finding is incredible, and warrants imposition of supplemental damages for any sales occurring after December 1, 2009, the first day of trial. *Tivo, Inc. v. Echostar Comm'ns Corp.*, Case No. 2:04-cv-1-DF, 2006 U.S. Dist. LEXIS 64291, at *7 (E.D. Tex. Aug. 17, 2006) ("Supplemental damages are calculated consistent with the damages awarded in the jury verdict..."); *Bard Peripheral Vascular, Inc. v. W.L. Gore & Assoc., Inc.*, Case No. cv-03-0597, 2009 U.S. Dist. LEXIS 31328, at * 11 (D. Ariz. Mar. 31, 2009). Specifically, ATC should be ordered to account for all 545L sales made subsequent to the latest sales data it provided and that was utilized at trial. Based on that information, the Court should apply the lost profit rate adopted by the jury (X \$ / unit) and award Presidio supplemental damages to account for the as yet unaccounted for sales by ATC.

III. THE COURT SHOULD TREBLE THE DAMAGES

The Court has discretion to enhance damages by up to three times those found or assessed. 35 U.S.C. § 284. Where, as here, the jury has found that ATC willfully infringed the '356 patent, it is important for the Court to enhance damages; otherwise, the jury's finding of willful infringement would be rendered meaningless. Indeed, when a jury has found willful infringement, a decision *not* to enhance

1 damages must be supported by detailed reasons to justify the denial. *Jurgens v.*
2 *CBK, Ltd.*, 80 F.3d 1566, 1572 (Fed. Cir. 1996); *Tate Access Floors, Inc. v. Maxcess*
3 *Tech. Inc.*, 222 F.3d 958, 972 (Fed. Cir. 2000).

4 The factors relevant to the Court's analysis of whether to treble damages are
5 essentially the same as those considered by the jury in their finding of willfulness,
6 namely: (1) whether the infringer deliberately copied the ideas of another; (2)
7 whether the infringer investigated the scope of the patent and formed a good faith
8 belief that it was invalid or not infringed; (3) the infringer's behavior as a party to
9 the litigation; (4) the infringer's size and financial condition; (5) the closeness of the
10 case; (6) the duration of the infringer's misconduct; (7) remedial action taken by the
11 infringer; (8) the infringer's motivation for willfully infringing; and (9) whether the
12 infringer attempted to conceal its misconduct. *Liquid Dynamics Corp. v. Vaughan*
13 *Co.*, 449 F.3d 1209, 1225 (Fed. Cir. 2006); *Read Corp. v. Portec, Inc.*, 970 F.2d
14 816, 826 (Fed. Cir. 1992).

15 At trial, Presidio presented evidence on each of these factors. The jury's
16 verdict shows that it found "clear and convincing evidence" that these factors were
17 present such that willful infringement occurred. The Court should respect and adopt
18 the jury's finding of fact and give preclusive effect to that ruling. *See Johns*
19 *Hopkins Univ. v. CellPro, Inc.*, 152 F.3d 1342, 1364-65 (Fed. Cir. 1998) (affirming
20 district court's award of treble damages after jury verdict of willful infringement);
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1 *Jurgens*, 80 F.3d at 1572 (reversing failure of trial court to award enhanced damages
2 due to court’s “impropriety of second guessing the jury . . .”).

3 **A. The Jury Found That ATC Willfully Infringed The ‘356 Patent**

4
5 After less than a day of deliberation, the jury returned a verdict of willful
6 infringement. (*See* Exhibit B). Standing alone, the jury’s verdict is sufficient for
7 the Court to award Presidio’s enhanced damages. *Jurgens*, 80 F.3d at 1570 (“An act
8 of willful infringement satisfies [the] culpability requirement and is, without doubt,
9 sufficient to meet the first requirement to increase a compensatory damages
10 award.”). Indeed, “[u]pon a finding of willful infringement, a trial court should
11 provide reasons for *not* increasing a damages award or for not finding a case
12 exceptional for the purpose of awarding attorneys’ fees.” *Id.* at 1572 (emphasis
13 added) (reversing district court’s failure to award enhanced damages); *see also*, *S.C.*
14 *Johnson & Son, Inc. v. v. Carter-Wallace, Inc.*, 781 F.2d 198, 201 (Fed. Cir. 1986)
15 (necessary for trial court to explain why case was not exceptional after express
16 finding of willful infringement).

17
18 In light of this Court’s detailed jury instructions on the elements of willful
19 infringement and that Presidio had to prove willful infringement by “clear and
20 convincing evidence,” the jury’s finding of willfulness should be dispositive. *See*
21 *Jurgens*, 80 F.3d at 1572 (The “trial court . . . does not have discretion to reweigh
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1 this evidence once the matter has been decided by the jury and the court finds
2 evidence sufficient to support the jury determination.”).

3 The jury sent a strong message to the Court and the Parties when it returned a
4 verdict of willful infringement – ATC did more than just infringe. It did so
5 intentionally. The fact that the jury expressed its belief that ATC conducted itself
6 willfully indicates that the jury wanted to do more than just award lost profits to
7 Presidio, further supporting an award of enhanced damages.
8

9
10 **B. ATC Copied Presidio’s Buried Broadband Capacitor**

11 There was significant evidence of copying, and ATC did not dispute the
12 following essential facts:
13

14 First, it is undisputed that ATC, and its customers, were utterly unsatisfied
15 with ATC’s cumbersome, two – piece product, the 540L. However, the designer of
16 ATC’s infringing 545L capacitor, Mr. Mruz, testified that ATC was not smart
17 enough, on its own, to develop a successful one – piece product. (Trial Tr. 3 at
18 116:3; Dep. Tr. at 99:11-100:4). It was not until after ATC purchased and analyzed
19 Presidio’s one-piece Buried Broadband product, and after Mr. Mruz and others at
20 ATC reviewed Presidio’s patent application that issued as the ‘356 patent, that ATC
21 elected to pursue a one-piece design. (Trial Tr. 3 at 116:3; Dep. Tr. at 9:3-92:3,
22 127:16-19). In fact, it was one of ATC’s major undertakings at the beginning of its
23 one-piece product development effort to “dissect and analyze” the Presidio product.
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1 (See Plaintiff's Trial Exhibit 135). At a minimum, ATC copied Presidio's idea of a
2 one-piece, substantially monolithic construction.

3 Second, it is undisputed that ATC was tracking Presidio's patents. ATC
4 admitted that the patent application that later issued as the '356 patent-in-suit
5 "seems to cover all bases for their broadband capacitors." (See Plaintiff's Trial
6 Exhibits 96, 279). After ATC became aware of the '356 patent itself, ATC elected
7 to proceed with its design and subsequent sales of the infringing 545L product.
8
9 When Presidio brought the '356 patent to ATC's attention directly to three separate
10 corporate officers, ATC's incredible explanation was that it had no recollection of
11 receiving notice, but would have given it serious attention but for the fact it was
12 purportedly involved in more important matters. (Trial Tr. 5 at 34:5-35:15).

15 Third, ATC admitted that it decided, after obtaining Presidio's own products,
16 to "emulate" Presidio's capacitor design. (See Plaintiff's Trial Exhibit 163). That
17 "emulation" led to ATC's infringement, and is particularly significant because
18 ATC's "pre-patent conduct consists of egregious copying." *Trading Techs. Int'l,*
19 *Inc. v. eSpeed, Inc.*, Case No. 04-C-5312, 2008 U.S. Dist. LEXIS 295, at *8 (N.D.
20 Ill. Jan. 3, 2008); *see also Stryker Corp. v. Davol Inc.*, 234 F.3d 1252, 1259 (Fed.
21 Cir. 2000) (upholding willfulness finding despite the infringer's argument that "its
22 copying ...pre-dated the issuance of the patent."); *Milgo Electronic Corp. v. United*
23 *Business Communications, Inc.*, 623 F.2d 645, 665 (Fed. Cir. 1980) (explaining that
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1 while “there can be no liability for infringement before a patent issues,” pre-patent
2 copying can be used to establish willfulness where the infringer knew of the
3 plaintiff’s claim to the technology). Indeed, after ATC spent years developing its
4 own two-piece capacitor, it decided to re-design its product as a substantially
5 monolithic capacitor like Presidio’s. Moreover, its final decision to do so occurred
6 in or after April 2004 – one month after ATC became aware of the ‘356 patent
7 application was published. A jury could reasonably conclude that ATC’s design
8 shift -- and particularly the decision to continue down that path even after obtaining
9 Presidio’s patent application, and later the ‘356 patent itself – strongly indicates
10 ATC’s willingness to infringe Presidio’s patent rights. *See Afros S.p.A. v. Krauss-*
11 *Maffei Corp.*, 671 F. Supp. 1402, 1437-38 (D. Del. 1987) (finding “strong
12 circumstantial evidence” of copying from “the sudden emergence” of an infringing
13 product after defendant’s “apparently extensive research and development program”
14 focused on a non-infringing design).

15
16 Although ATC employees testified that they did not copy Presidio’s products,
17 such testimony is wholly incredible. In the end, the jury found “clear and
18 convincing evidence” that ATC willfully infringed despite ATC’s denials that it did
19 not copy.
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1 **C. ATC Did Not Investigate The Scope Of The ‘356 Patent Or Present**
2 **Evidence That It Had A Good Faith Belief That The ‘365 Patent**
3 **Was Invalid Or Not Infringed**

4 ATC presented no competent evidence on these critical subjects at trial. ATC
5 had actual knowledge of the patent application that ultimately issued as the ‘356
6 patent in March 2004, and it was aware of the ‘356 patent before Presidio filed the
7 lawsuit.

8 The law is clear that upon notice of the ‘356 patent, ATC had a duty to
9 investigate and determine whether it had a good faith belief it could continue
10 making, using, selling, and offering for sale its 545L capacitor without violating this
11 patent. *See Johns Hopkins*, 152 F.3d at 1564 (“Because [the infringer] had
12 knowledge that it might infringe the . . . patents, it had an affirmative duty to
13 exercise due care to avoid infringement.”). The focus is on “whether the infringer,
14 acting in good faith and upon due inquiry, had sound reason to believe that it has the
15 right to act in the manner that was found to be infringing.” *SRI Int’l, Inc. v.*
16 *Advanced Tech. Labs, Inc.*, 127 F.3d 1462, 1464-65 (Fed. Cir. 1997). ATC
17 presented no evidence of any competent investigation—much less any evidence that
18 such an investigation led to any good faith belief it could continue making and
19 selling its 545L capacitor.

20 Second, as was its right, ATC chose before trial to assert the attorney-client
21 privilege to withhold opinions of counsel on the ‘356 patent. The Court carefully
22 23 24

1 avoided any suggestion or jury instruction that would have conceivably created an
2 adverse inference that ATC's opinion of counsel was adverse to ATC's alleged
3 "good faith." However, having made its choice, ATC cannot now complain that the
4 jury lacked all the evidence supporting ATC's alleged "good faith." In fact, the
5 evidence demonstrated that ATC undertook testing during the development of the
6 545L capacitor, but refused to disclose that testing based on privilege. (Trial Tr. 5 at
7 106:8-24). ATC also spoke to a patent lawyer, who was not ATC's litigation
8 counsel in this matter, and refused to disclose those communications. (Trial Tr. 5 at
9 5:1-16; Dep. Tr. at 11:11-19:5). ATC's testing and communications are no doubt
10 telling, given that ATC made a strategic decision to not rely upon any opinions of
11 counsel as a defense to the charge of willful infringement.
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14 Finally, when it proffered evidence of "good faith," ATC chose to rely solely
15 on lay witnesses. The evidence of ATC's attempts to steer clear of infringement
16 was disingenuous and incredible at best. ATC's engineers did not review the patent
17 claims, and in any event, they were "gibberish" to them. (Trial Tr. 3 at 116:3; Dep.
18 Tr. at 121:21-122:9; Trial Tr. 5 at 99:10-16).
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21 Particularly damning to ATC here is its failure to produce or rely upon an
22 opinion of counsel upon obtaining the published application that led to the '356
23 patent, and later the '356 patent itself, both of which occurred prior to ATC first
24 selling the accused 545L product. Even since *Knorr-Bremse*, the Federal Circuit has
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1 held that while the failure to obtain an opinion of counsel may not create a
2 presumption of willfulness, that fact may still be considered as one factor in favor of
3 a finding of willfulness. *Broadcom Corp. v. Qualcomm Inc.*, 543 F.3d 683, 698
4 (Fed. Cir. 2008) (holding proper a jury instruction that permitted the absence of a
5 legal opinion as one factor in assessing willfulness); *Golden Blount, Inc. v. Robert*
6 *H. Peterson Co.*, 438 F.3d 1354, 1369 (Fed. Cir. 2006) (approving of the district
7 court's use of the absence of competent opinion of counsel as a factor in its
8 willfulness analysis).

11 Also damning to ATC is that the Federal Circuit has specifically indicated
12 that engineers are in no position to make a legal determination upon which a party
13 can reasonably rely as a basis for justifying infringement. In *Smith Engineering Co.,*
14 *Inc. v. Eisenmann Corp.*, 28 Fed. Appx. 958, 965 (Fed. Cir. 2002), the defendant's
15 engineering department conducted its non-infringement analysis. The Federal
16 Circuit upheld the jury finding of willful infringement, observing that, "[t]his
17 presents a textbook example of willful infringement, and a[n] instructive lesson on
18 the need to consult *legal* counsel in evaluating the risk of patent infringement." *Id.*
19 (emphasis in original). *Rosemount, Inc. v. Beckman Instruments, Inc.*, 727 F.2d
20 1540, 1548 (Fed Cir. 1984) (upholding the finding of willfulness even in light of in-
21 house memoranda of defendant's executives and engineers which concluded that the
22 patented invention was invalid); *see also Velcro Industries B.V. v. Taiwan Paiho*
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1 *Ltd.*, 2005 WL 2573383, *7 (D.N.H. 2005) (noting that oral advice from an engineer
2 will justify the conclusion of failing to obtain a “legal opinion”).

3 **D. ATC’s Behavior As A Party To The Litigation**

4 **1. ATC Vexatiously Multiplied The Proceedings**

5
6 In evaluating a party’s litigation conduct, the Court is to consider that conduct
7 as a whole, rather than view each action in isolation, to determine whether a pattern
8 of inappropriate conduct is apparent. *See Beckman Instruments, Inc. v. LKB*
9 *Produkter AB*, 892 F.2d 1547, 1552 (Fed. Cir. 1989) (finding exceptional case
10 where party engaged in a strategy of vexatious conduct). Where such a “strategy”
11 exists, the Court need not “set forth every underlying fact which contributed to its
12 conclusions.” *Beckman*, 892 F.2d at 1551; *see also NTP, Inc. v. Research in*
13 *Motion, Ltd.*, 270 F. Supp. 2d 751, 758 (E.D. Va. 2003) (enhancing damages based
14 in part on party’s filing of baseless summary judgment motions).

15
16 Title 28 provides a further, independent basis for such a sanction. Under 28
17 U.S.C. § 1927, an attorney or other person who “so multiplies the proceedings in
18 any case unreasonably and vexatiously may be required by the court to satisfy
19 personally the excess costs, expenses, and attorneys’ fees reasonably incurred
20 because of such conduct.” 28 U.S.C. § 1927.
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1 Regardless of the judicial or statutory basis, ATC vexatiously multiplied these
2 proceedings with the intent of overburdening the Court and Presidio with baseless
3 conduct, and in an effort to hide the truth of its own willful infringement.

4 **2. ATC's Vexatious Summary Judgment Motion**

5 ATC filed for summary judgment in this action on virtually every issue.

6 ATC's summary judgment motions included:

- 7 • No willful infringement [Denied]
- 8 • Invalidity of the '356 patent based on prior art [Denied]
- 9 • Invalidity of the '356 patent based on indefiniteness [Denied]
- 10 • No lost profits [Denied]
- 11 • No permanent injunction [Denied]

12 At trial, ATC threw everything and the kitchen sink at Presidio, including
13 defenses of improper inventorship, inequitable conduct, invalidity due to lack of
14 enablement, invalidity due to lack of written description, and invalidity based on
15 prior art. In short, the Court completely denied five of ATC's requests for summary
16 judgment, and the jury rejected all of its defenses.

17 ATC's defenses lacked substantial merit from the outset and were interposed
18 merely to drive up the cost of these proceedings. For example, ATC had the
19 temerity to move for non-infringement of the '356 patent despite the fact that its
20 technical expert, Dr. Dougherty, admitted at one point during the trial that the 545L
21

1 capacitor fell within the scope of the '356 patent. (Trial Tr. 5 at 137:21-23). During
2 trial, ATC's legal expert testified that his demonstrative exhibits were not created by
3 him, were not accurate, and included information he was not even relying upon.
4 (Trial Tr. 7 at 45:21-47:25; 48:19-49:20). The Court even questioned why the
5 information was on the demonstrative exhibits, and concluded it was not accurate
6 and should not be received. *Id.* at 50:1-5.

3. ATC's Vexatious Trial Subpoenas

10 Only a few days before trial, ATC served upon counsel for Presidio several
11 trial subpoenas for Presidio and its employees. ATC served the subpoenas by mail,
12 on Presidio's counsel, and failed to tender with the subpoena either the per diem
13 witness fee or mileage costs as required by Rule 45(b) of the Federal Rules of Civil
14 Procedure. Pursuant to Rule 45, the subpoenas were fatally defective for improper
15 service and for failure to tender with the subpoena either the per diem witness fee or
16 mileage costs. The subpoenas were also improper because ATC utilized at least one
17 of them to command the production of the originals of documents that had been
18 produced in discovery years prior, despite the fact that discovery had concluded
19 months prior to trial. ATC's tactic was clear – to divert Presidio and its counsel
20 from its trial preparation by demanding originals of documents just prior to trial, at a
21 time when counsel would need to direct its efforts toward trial preparation.

Moreover, several of the witnesses subpoenaed for trial by ATC were never called to the stand by ATC!

4. ATC's Vexatious Discovery Conduct

Incredibly, counsel for ATC performed an inspection of documents produced by third party JDSU pursuant to an issued subpoena, but intentionally concealed this inspection from Presidio. Moreover, counsel for ATC only produced selective documents from this secretive inspection. Making matters worse, counsel for ATC lied to Presidio about the inspection when asked about it.

During the depositions of the former JDSU employees, Presidio discovered the fact that ATC's lawyers had undertaken the secret inspection. Presidio also discovered that ATC's lawyers had produced only certain of the documents reviewed during the secret inspection. Making matters even worse, the documents ATC did produce were not produced until only one business day before the depositions. ATC thereby prevented Presidio from fully cross-examining the witnesses, including with respect to the documents inspected but intentionally not produced by ATC.

ATC's subsequent conduct is masked with deception and cover-up. The depositions of former JDSU employees Charles Rosier and Gary Bastin were scheduled for January 27 and 28, 2009. On January 16, 2009, during the deposition of a Presidio employee, counsel for Presidio asked counsel for ATC, Attorney

1 Slonim, on the record whether any documents had been received in response to the
2 subpoenas Slonim had issued:

3 MR. AHRENS: Okay. And I don't have any more questions of the
4 witness.

5 My question for you [Mr. Slonim] is, have you gotten any
6 documents from JDSU, Mr. Bastin and Mr. Rosier, in response to the
7 subpoenas that were issued to them, because we're about to have the
8 depositions and we've seen no documents.

9 MR. SLONIM: I'm not aware of any.

10 (Devoe Dep., at 313:10-15) (*See* Exhibit C).

11 Thus, as late as January 16, 2009, Slonim represented that he was not aware
12 of any documents responsive to the subpoenas. This turned out to be blatantly false.

13
14 **E. ATC's Large Size and Strong Financial Condition**

15 As stated in *Johns Hopkins Univ. v. Cellpro, Inc.*, "[p]unishing a larger
16 company in a stronger financial condition may call for higher damages, where a
17 lower number may be equally effective in punishing a smaller company." 978 F.
18 Supp. 184, 195-96 (D. Del. 1997); *see also NTP, Inc., 270 F. Supp. 2d at 758*
19 ("[T]he primary consideration of this Court is the amount of enhanced damages that
20 [the infringer] can withstand.").

21
22 ATC's annual revenues approach \$90 million every year, and AVX's over \$1
23 billion. ATC's misconduct here is all the more palpable because it was against a
24 company a mere fraction of its size. ATC employed its vast resources in an effort to
25
26
27

1 crush Presidio by attempting to out-spend Presidio in this litigation while it
2 continued to willfully infringe.

3 ATC's massive size and financial condition counsels for greater enhanced
4 damages so as to meaningfully deter it from future willful misconduct. It is clear
5 that ATC is able to pay treble damages and, moreover, that treble damages are
6 necessary to punish ATC for its willful infringement.
7

8
9 **F. This Case Was Not Close**

10 The infringement and validity cases were not close because ATC lost at trial
11 on every issue, including virtually every single defense that a defendant could
12 mount in response to an infringement claim. As is evident by the jury reaching a
13 verdict in less than one day, the damages and willful infringement cases were also
14 not close. With respect to damages, the jury fully agreed with Presidio's damages
15 expert, both with respect to the form of damages (lost profits) and the amount of
16 those lost profits. Similarly, the willful infringement case was not close because
17 ATC offered no evidence of "good faith" and the jury found willful infringement by
18 "clear and convincing evidence."
19
20
21

22 **G. The Duration of ATC's Misconduct**

23 ATC's misconduct began when it copied Presidio's products and then
24 concealed that fact. Making matters worse, the '356 patent application was passed
25 around to several ATC employees as early as March 2004. Thus, ATC knew for
26
27

1 years that its copying might pose a serious problem later when Presidio's patent
2 issued.

3 ATC's misconduct continued when, upon receiving actual notice of the patent
4 directly from Presidio before Presidio filed this lawsuit, it continued to make and
5 sell its infringing 545L capacitor without any evidence of a reasonable basis for
6 continuing to do so. ATC's misconduct continued after Presidio filed this lawsuit,
7 and continues today. (*See* Exhibit A).
8
9

10 The bottom line is that ATC did not cease infringing. ATC's infringing
11 conduct continues to this day. This factor therefore weighs heavily toward granting
12 enhanced damages to Presidio.
13

14 **H. ATC Did Not Take Any Remedial Action**

15 It is a fact that ATC did not make any changes to the 545L capacitor as a
16 result of its knowledge of the '356 patent. It is also a fact that ATC continued to sell
17 the 545L capacitor during the lawsuit, and offers it for sale today, even after the
18 jury's verdict.
19
20

21 **I. ATC Had The Motivation To Harm Presidio**

22 Numerous ATC employees admitted at trial that Presidio was and is a
23 "competitive threat" to ATC. Indeed, evidence presented at trial indicates that
24 Presidio was the only true competitor, but that Presidio was small and could
25 therefore be exploited. (Trial Tr. 3 at 116:3; Dep. Tr. at 84:3-15: ATC's Mr. John
26
27

1 Mruz testifying that Presidio is ATC's primary competitor). Internal ATC
2 documents likewise show that ATC recognized that Presidio was a technologically
3 superior company to ATC and Presidio would, if left to its own devices, quickly
4 start eating into ATC's market. Indeed, the designer of the 545L capacitor testified
5 that he was practically stalking Presidio because he had so much respect for it.
6 (Trial Tr. 5 at 101:4-102:11: "It goes way beyond just taking the pulse of a
7 competitor."). ATC documents also suggest that ATC was out to "crush" Presidio.
8 (Trial Tr. 6 at 84:1-15). ATC even made it a "joke" to "crush" Presidio. *Id.*

11 **J. ATC Attempted To Conceal Its Misconduct**

12 Before Presidio filed this lawsuit, and despite the fact that ATC had been well
13 aware of the '356 patent for years, Presidio brought the '356 patent to the attention
14 of three ATC corporate representatives. In response, an ATC representative
15 testified that ATC had no recollection of receiving notice, but would have given it
16 serious attention but for the fact it was purportedly involved in more important
17 matters. ATC's testimony is incredible. It also makes clear that ATC
18 representatives will say just about anything to conceal and excuse its deliberate
19 decision to infringe.
20
21
22

23 In conclusion, every willfulness factor is present in this record. The jury
24 found willfulness based on these factors and this court should follow the jury's
25 decision and award treble damages to Presidio.
26
27

IV. THE COURT SHOULD DETERMINE THIS IS AN “EXCEPTIONAL CASE” ENTITLING PRESIDIO TO AN AWARD OF ATTORNEYS’ FEES

Section 285 provides, “[t]he court in exceptional cases may award reasonable attorney fees to the prevailing party.” 35 U.S.C. § 285. There is no question that Presidio is the prevailing party on infringement, validity, damages, and willful infringement of the ‘356 patent. Therefore, if the Court determines this case is exceptional, the Court can in its discretion award all or part of Presidio’s attorneys’ fees. A finding by the Court that a case is exceptional is a factual determination, whereas the decision to award fees is discretionary. *Graco, Inc. v. Binks Mfg. Co.*, 60 F.3d 785, 795 (Fed. Cir. 1995).

Based on the jury’s determination that ATC willfully infringed the ‘356 patent, this Court should find this case to be exceptional and award Presidio its attorneys’ fees. *See, e.g., Golden Blount, Inc. v. Robert H. Peterson Co.*, 438 F.3d 1354, 1373 (Fed. Cir. 2006) (affirming award of attorneys’ fees where willful infringement found). Not only *should* the Court award Presidio its attorney’s fees, where there has been an express finding of willful infringement a trial court must detail its reasons if it does *not* declare the case “exceptional.” *See Modine Mfg. co. v. Allen Group, Inc.*, 917 F.2d 538, 543 (Fed. Cir. 1990); *see also NTP, Inc.*, 270 F. Supp. 2d at 761 (“Although the moving party must show that attorney fees are warranted, in the face of the jury’s express finding of willful infringement, which,

1 standing alone, is a sufficient basis to award attorney's fees, [the infringer] must put
2 forth a showing as to why attorney fees are not warranted in this case.”).

3 Beyond the jury's finding of willful infringement, the Court may also
4 consider “the closeness of the case, tactics of counsel, the conduct of the parties and
5 any other factors that may contribute to a fairer allocation of the burdens of
6 litigation as between winner and loser.” *J.P. Stevens Co., Inc. v. Lex Tex Ltd., Inc.*,
7 822 F.2d 1047, 1051 (Fed. Cir. 1987). These are essentially the same factors as
8 those applied in the analysis of whether damages should be enhanced pursuant to
9 Section 284. As described above, these factors are present in this case and warrant
10 the determination that this is an exceptional case, and the award of Presidio's
11 attorneys' fees.
12

13 All the factors weigh heavily in favor of granting Presidio enhanced
14 damages. Those factors also, therefore, weigh heavily in favor of finding this to be
15 an “exceptional case,” justifying an award of Presidio's attorneys' fees. Indeed,
16 Presidio's successful litigation against ATC, a conglomerate with vastly greater
17 monetary and legal resources, makes an award of Presidio's attorneys' fees
18 eminently reasonable.
19

20 If the Court awards Presidio its attorneys' fees, Presidio will attempt to
21 work with ATC to provide a summary of those fees so as not to overburden the
22 Court with detailed billing statements.
23

V. THE COURT SHOULD AWARD PRESIDIO PREJUDGMENT AND POSTJUDGMENT INTEREST ON ITS DAMAGES, AND AWARD PRESIDIO ITS COSTS

A. Prejudgment Interest On The Damages Award Is Appropriate

It is well settled that a successful plaintiff in a patent case is entitled to prejudgment interest on the damages award. 35 U.S.C. § 284 (providing for the calculation of damages “together with interest . . . as fixed by the court.”); *General Motors Corp. v. Devex Corp.*, 461 U.S. 648, 657-58 (1983) (“Prejudgment interest should ordinarily be awarded.”). The determination of prejudgment interest is committed to the discretion of the district court. *See, e.g., Kaufman Co. v. Lantech, Inc.*, 926 F.2d 1136, 1144 (Fed. Cir. 1991). However, as recently noted by the Eastern District of California, the underlying purpose of prejudgment interest indicates that it should normally be awarded in patent cases:

In its January 15, 2009, Order, the Court awarded Plaintiff pre-judgment interest on the \$ 250,000 damages award. ‘[T]he underlying purpose of the provision strongly suggests that pre-judgment interest should ordinarily be awarded where necessary to afford the plaintiff full compensation for the infringement.’ *General Motors Corp. v. Devex Corp.*, 461 U.S. 648, 654, 103 S.Ct. 2058, 76 L.Ed. 2d 211 (1983). ‘The standard governing the award of prejudgment interest under §284 should be consistent with Congress’ overriding purpose of affording patent owners complete compensation...In the typical case an award of prejudgment interest is necessary to ensure that the patent owner is placed in as good a position as he would have been in had the infringer entered into a reasonable royalty agreement. An award of interest from

1 the time that the royalty payments would have been
2 received merely serves to make the patent owner whole,
3 since his damages consist not only of the value of the
4 royalty payments but also of the foregone use of the
5 money between the time of infringement and the date of
6 the judgment.’ *Id.* at 655-656.

7 *WordTech Sys., Inc. v. Integrated Network Solutions, Inc.*, Case No. 2:04-cv-1971,
8 2009 U.S. Dist. LEXIS 31348, at * 18-19 (E.D. Cal. April 13, 2009). California
9 courts have applied California’s statutory rate for liquidated amounts, which is
10 simple interest at seven percent, accruing from the date of first infringement, which
11 in this case is June 2006. *Id.* at *20.

12 **B. Postjudgment Interest On The Damages Award Is Mandatory**

13 Pursuant to 28 U.S.C. § 1961, “interest shall be allowed on any money
14 judgment in a civil case recovered in a district court”. *See Honeywell Int’l, Inc.*
15 *v. Hamilton Sundstrand Corp.*, 166 F. Supp. 2d 1008, 1041 (D. Del. 2001). The
16 provision for postjudgment interest is mandatory. *See, e.g., DeLong Equip. Co. v.*
17 *Washington Mills Electro Minerals Corp.*, 997 F.2d 1340, 1341 (11th Cir. 1993).
18 Postjudgment interest is now calculated from the date of entry of judgment at a rate
19 equal to the weekly average 1-year constant maturity Treasury yield, as published
20 by the Board of Governors of the Federal Reserve System. 28 U.S.C. § 1961(a); *see*
21 *also WordTech Sys.*, 2009 U.S. Dist. LEXIS 31348, at * 20. That figure can be
22 found at <http://www.federalreserve.gov/Releases/H15/Update/h15upd.htm> and is
23 currently .34%.

C. Presidio Should Be Awarded Its Costs

It is also well settled that a successful plaintiff in a patent case is entitled to its costs. L.R. 54.1 (“Unless otherwise ordered by the Court...the prevailing party is entitled to its costs.”); *see also* Fed. R. Civ. P. 54(d); 35 U.S.C. § 284 (providing for the calculation of damages “together with . . . costs as fixed by the court.”). Further, pursuant to 28 U.S.C. §§ 1920 and 1924, this Court should also award Presidio its costs incurred in this action, including its costs for depositions and witness fees. A Bill of Costs and the required supported documentation is attached as Exhibit D.

VI. CONCLUSION

For all the foregoing reasons, Presidio respectfully requests that this Court award Presidio supplemental damages, treble damages, declare this to be an “exceptional case,” award Presidio its attorneys’ fees, award Presidio prejudgment and postjudgment interest, and award Presidio its costs.

Dated: January 29, 2010

Respectfully submitted,

WOOD, HERRON & EVANS L.L.P.

By: s/ Brett A. Schatz
 Gregory F. Ahrens
 Brett A. Schatz
 Attorneys for Plaintiff
 PRESIDIO COMPONENTS, INC.

PROOF OF SERVICE

1
2 **STATE OF OHIO**)
3) **ss.**
4 **COUNTY OF HAMILTON**)

5 I am employed in the County of Hamilton, State of Ohio. I am over the age of 18 and not a party to the within action. My business address is: 2700 Carew Tower, 441 Vine Street, Cincinnati, Ohio 45202.

6 On January 29, 2010, I served **PLAINTIFF PRESIDIO COMPONENTS, INC.'S BRIEF IN SUPPORT IF ITS MOTION FOR POST TRIAL REMEDIES** on the interested parties in this action by placing a true copy thereof enclosed in a sealed envelope at Cincinnati, Ohio addressed as follows:

8 Daniel T. Pascucci
9 Nathan R. Hamler
10 MINTZ, LEVIN, COHN, FERRIS,
11 GLOVSKY AND POPEO, P.C.
3580 Carmel Mountain Road, Suite 300
San Diego, California 92130

Marvin S. Gittes
Timur E. Slonim
Peter F. Snell
MINTZ, LEVIN, COHN, FERRIS,
GLOVSKY AND POPEO, P.C.
66 Third Avenue
New York, NY 10017

12 Attorneys for Defendant AMERICAN TECHNICAL CERAMICS CORP.

13
14 ☒ **(BY MAIL AND EMAIL)** The envelope was mailed with postage thereon fully prepaid. As follows: I am "readily familiar" with the firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with U.S. postal service on that same day with postage thereon fully prepaid at Cincinnati, Ohio in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit.

18 ☐ **(BY HAND DELIVERY)** I caused the attached document to be personally delivered to the above named individual.

20 ☐ **(BY FACSIMILE)** I delivered such document by facsimile to the ABOVE persons at the facsimile telephone numbers listed ABOVE as a courtesy.

22 ☐ **(FEDERAL)** I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

23 Executed on January 29, 2010 at Cincinnati, Ohio.

25 s/ Brett A. Schatz
26 Brett A. Schatz